

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6388**

**BILL NUMBER: SB 305**

**DATE PREPARED:** Jan 3, 2002

**BILL AMENDED:**

**SUBJECT:** State Department of Health Office of Quality Assurance.

**FISCAL ANALYST:** Kathy Norris

**PHONE NUMBER:** 234-1360

**FUNDS AFFECTED: X GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill establishes the Office of Quality Assurance within the State Department of Health to perform the following duties regarding nursing homes: (1) Administer the informal dispute resolution process. (2) Appoint administrative law judges. (3) Receive and review complaints about inspectors or inspection teams and individual complaint investigation results. (4) Conduct quality assurance reviews of the State Department's complaint prioritization, intake, and investigation procedure. The bill requires the Office to provide reports to the Select Joint Commission on Medicaid Oversight concerning inspections of nursing homes. It also requires nursing home inspectors to meet certain criteria and perform certain tasks during a licensure inspection.

**Effective Date:** July 1, 2002.

**Explanation of State Expenditures:** *Licensure Inspections:* This bill establishes certain training and inspection standards related to the nursing home inspectors employed by the State Department of Health (SDOH). Under this proposal, new inspectors would be required to receive at least six hours of Alzheimer's disease- and dementia-specific training. The bill also requires that the SDOH provide joint training sessions at least every six months with health facility licensure inspectors and the health facilities. While the SDOH may experience additional costs associated with some of the training provisions, the Department reports that inspectors already receive a higher level of survey training than the bill requires.

*Office of Quality Assurance:* This bill establishes the Office of Quality Assurance within the State Department of Health. The Office would be required to administer the informal dispute resolution process, appoint administrative law judges, receive complaints about inspectors or inspection teams, and conduct quality assurance reviews on the Department's complaint prioritization, intake, and investigation procedures. The costs associated with the establishment of the Office will depend largely on administrative actions taken by the Department. While this proposal may require the Department to hire additional staff, the Office may also help the Department pinpoint problem performance areas and implement corrective actions. The Office

of Quality Assurance is to provide oversight and review and analysis of the activities of the nursing home survey activities. It is estimated that the Office could be implemented with an additional nine employees and additional state General Funds of \$494,000.

This bill does not contain an appropriation. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. As of December 31, 2001, the SDOH had 120 vacancies. The Department reverted \$410,484 in General Funds at the end of FY 2001. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

*Background Information:* There are approximately 600 state-licensed nursing facilities in Indiana of which approximately 580 are certified by the federal government to provide services to Medicare and Medicaid beneficiaries. Currently, nursing facilities that receive survey discrepancies are allowed to do the following: 1) submit a plan of correction which outlines how discrepancies will be resolved; 2) request an informal dispute resolution, and if the facility does not agree with the outcome; 3) request an administrative appeal via a Department administrative law judge; or ultimately 4) request a court hearing outside of the administrative process.

More than 2,000 survey discrepancies can be noted during a single year, of which approximately 35% to 40% are resolved through the informal dispute resolution process.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** State Department of Health.

**Local Agencies Affected:**

**Information Sources:** State Department of Health.